

From: rharmon@bankoftennessee.com [mailto:rharmon@bankoftennessee.com]
Sent: Tuesday, October 27, 2009 2:10 PM
To: Comments
Subject: Prepaid Assessments: RIN 3064-AD49

Roy Harmon
301 E. Center Street
Kingsport, TN 37660-4801

October 27, 2009

Dear Comments to FDIC:

I am writing to ask for consideration of exemption of all banks under \$1 billion in assets from this requirement. The percentage of deposits held by these institutions is single digit and the impact on the restoration of the fund is not material. The FDIC will be forcing our institution of \$675 million to prepay about \$2.4 million. Not only is the assesment based upon ever increasing deposit levels but at increasing rates. Today, our bank is intentionally shrinking our asset base in order to improve our Tier 1 and risk based ratios. In addition, we will have to fund the prepayment with deposits that will somewhat mirror our overall cost of funds that now stands at approximately 2%. This constitutes a hidden increase in our FDIC premiums in addition to the rate hike and increased assesment base.

I understand that some of the pressure on the DIF Fund is coming from smaller banks. Generally speaking, they were the weak ones that were approved within the last few years by the FDIC. They were opened by lenders without a track record of management and governed by boards with limited experience and capability. Your own methodology provides for exemption mechanisms for the remaining weak banks thus putting even more burden on the healthier and better managed ones.

Finally, all of the big banks got help through TARP. We are left to struggle with capital acquisition and this action further stresses that. Please consider some level of exemption that will allow you to accomplish your goals of replenishing the fund without placing further burden on those of us that are doing things right.

Roy L. Harmon, Jr.
Chairman, President and CEO
Bank of Tennessee

Sincerely,
Roy L. Harmon, Jr.